

Program Changes & Updates

6th Report and Order

New AZ Telecom Contracts

6th Report and Order

Overview

What's Included?

- Dark Fiber now eligible
- Makes permanent community use
- Service to certain residential schools are eligible
- Indexes funding cap to inflation
- Pilot program for schools providing offsite access
- Technology Plans only for P2
- More on competitive bidding, including gifts
- Disposal of Equipment and SPIN changes

6th Report and Order

Improving Broadband Access for All

Dark Fiber

- Lease of fiber, lit or dark, is eligible in Telecom or Internet Access from any provider (dark fiber must be lit immediately)
- Providers can be telcos; state, regional or local networks; or private networks
- Cannot purchase excess capacity for future growth
- Unbundled modulating equipment, leased or purchased, is not eligible.
- Maintenance of dark fiber is eligible
- Installation costs are eligible

Dark Fiber Construction

- Up-front construction costs:
 - Construction on school or library property is eligible
 - Construction beyond the property line is ineligible

Improving Broadband Access

Community Use of Schools' E-rated Services

- Waiver for FY 2010 is now permanent
- After school hours, schools may open their facilities to the general public to use E-rate supported services
- Schools decide whether or not to provide such access
- Service must primarily be for educational purposes
- Schools cannot purchase additional services to support community use
 - Use must be incidental and not increase E-rate costs

Improving Broadband Access

Community Use of Schools' E-rated Services

- Community use is limited to non-operating hours and only on campus
 - School personnel and students must have priority
- Schools may not charge for use of services or facilities purchased through E-rate though they may charge a fee to offset ineligible costs (e.g. security, additional electricity, etc.)

Improving Broadband Access

Funding for Certain Residential Facilities

- Residential schools that service populations facing unique challenges can receive support for service in residential areas (dormitories) of their schools.
- Populations include:
 - Tribal children
 - Children with physical, cognitive, or behavioral disabilities
- Schools can be public or private
- All categories of service are eligible

Improving Broadband Access

Indexing the Funding Cap to Inflation

- Funding has been capped at \$2.25B since 1999
- Cap will not decrease in event of deflation
- FCC will announce the increase annually
- For FY 2010, inflation is deemed 0.9%
- New cap for FY 2010: \$2,270,250,000
- This increase is *in addition to* any rollover funds

Improving Broadband Access

E-rate Deployed Ubiquitously (EDU) 2011 Pilot Program

- Pilot allows \$10M in FY 2011 to support innovative and interactive off-premise wireless device connectivity for schools and libraries.
- FCC will use the pilot to gather more information about issues affecting such use which can later be used for permanent rules.
- FCC expects data reporting by those selected
- Strong preference given to those already implementing such programs

6th Report and Order

Streamlining and Simplifying

Streamlining & Simplifying

Technology Plans

- New requirements apply for FY 2011 and beyond
- **No longer** required for:
 - Priority One (Telecom and Internet Access)
- **Still required** for:
 - Priority Two services (internal connections and Basic Maintenance of Internal Connections)
- Beware of potential bucket switches
 - P1 on-premise equipment moved to Internal Connections

Streamlining & Simplifying

Technology Plan Timing

- Who needs a written plan prior to the Form 470 posting?
 - Applicants citing their own Form 470:
 - If P2 services are all included in current tech plan, and the plan covers at least part of the upcoming funding year, then a new tech plan not needed prior to posting
 - If new P2 services requested are not in tech plan, then must have a written plan prior to posting
 - Applicants citing a State-filed Form 470:
 - Not needed prior to posting of state-filed Form 470

Streamlining & Simplifying

Technology Plan

- Four Required Elements
 - Applicants no longer have to include a section on budget
 - This information is covered by certification on necessary resources (“I certify that the entities I represent or the entities listed on this application have secured access to all of the resources to pay the discounted charges ...”)

Streamlining & Simplifying

Disposal of Equipment

- Disposal or resale is permitted *no sooner than* five years after installation date
- Applicants may receive payment or other consideration in return for disposal
- Applicants are not required to use equipment for five years, nor are they required to dispose of equipment after five years.
- No notification to USAC is needed, but update your asset registers
- This does not change the requirement to report transfers of equipment made less than three years from purchase

Streamlining & Simplifying

Competitive Bidding Process

- Form 470
 - All must continue to use the Form 470 process
 - New, streamlined Form 470 will be available for use for FY 2011
 - New form currently awaiting OMB approval
 - Applicants that file Forms 470 **prior** to effective date do **not** need to refile
 - Applicants that file Form 470 **after** the effective date **MUST** use the new form

Streamlining & Simplifying

Fair and Open Competitive Bidding Rule

- New Order codifies that competitive bidding process must be fair and open.
 - All potential bidders must have access to the same information and must be treated in the same manner throughout the procurement process
 - Additions or modifications to the Form 470/RFP must be made available at the same time and in a uniform manner to all potential bidders

Streamlining & Simplifying

Fair and Open Competitive Bidding Rule

- Rule violations include (but are not limited to):
 - Applicant has relationship with the service provider that unfairly influences the outcome of the competition or provides them with “inside” information
 - Someone other than the applicant (or their representative) prepares, signs and submits the Form 470
 - Service provider is listed as the contact on the Form 470 and the provider is allowed to bid

Streamlining & Simplifying

Fair and Open Competitive Bidding Rule

- Gifts
 - Receipt of gifts by applicants from service providers and potential service providers is a competitive bidding violation.
 - Exceptions mirror Federal Government regulations
 - Modest refreshments not offered as part of a meal (eg coffee and donuts at a meeting) are OK
 - Items with little or no intrinsic value such as certificates and plaques are OK

Streamlining & Simplifying

Fair and Open Competitive Bidding Rule

- Gifts
 - Exceptions:
 - Items worth \$20 or less (meals, pencils, pens, hats, t-shirts etc) as long as those items do not exceed \$50 per year per employee from any one source (service provider) are OK.
 - This means all gifts from all employees, officers, representatives, agents, independent contractors, or directors of the service provider.

Streamlining & Simplifying

Fair and Open Competitive Bidding Rule

- Gifts
 - Gift prohibitions are always applicable, not just during the competitive bidding process
 - Prohibition includes soliciting and receiving any gift or other thing of value from a service provider participating in or seeking to participate in the E-rate program.
 - Service providers may not offer or provide any gifts to applicant personnel involved in E-rate

Streamlining & Simplifying

Fair and Open Competitive Bidding Rule

- Gifts
 - Gifts to family and friends when those gifts are made using personal funds of the donor (without reimbursement from the employer) and are not related to a business transaction or business relationship are also exempt.
 - Gift rules are not intended to discourage companies from making charitable contributions to schools, as long as those contributions are **NOT** directly or indirectly related to an E-rate related procurement.

Streamlining & Simplifying

SPIN Changes

- Pre-commitment SPIN changes
 - Corrective SPIN changes only (ie. data entry errors)
- Post-commitment SPIN changes
 - Operational SPIN changes
 - Must have legitimate reason to change, such as Breach of Contract or provider unable to perform
 - and
 - Must select provider with next highest point value in evaluation

Eligible Services List

Eligible Services

- Priority 1
 - Dark Fiber is eligible as described above
 - Telecommunications now two categories on ESL
 - Telecommunications Services can only be provided by an eligible telecommunications carrier
 - On Form 470/471 as Telecommunications Services
 - Telecommunications can be provided by non-telecommunications carriers via fiber in whole or in part
 - On Form 470/471 as Telecom or Internet Access

Eligible Services List

Eligible Services

- Web hosting
 - Remains eligible
 - Allows additional functionality of discussion boards, instant messaging and chat
 - Content remains ineligible, including searching of databases such as gradebooks, encyclopedias etc.
 - Support for applications necessary to run online classes or collaborative meetings is also ineligible

Eligible Services List

Ineligible Services

- Enhanced Firewalls, Intrusion Detection and Prevention Devices and Anti-Virus and Anti-Spam software
 - All fully ineligible
 - Basic firewalls that are bundled with Internet access remain eligible

Eligible Services List

Ineligible Services

- Unbundled Warranties
 - Separately priced warranties allows for broken equipment to be fixed or replaced are ineligible.
 - This is a type of retainer and not actual maintenance service performed.
 - Funding requests for routine maintenance will continue to be funded.

Eligible Services List

Ineligible Services

- Unbundled Warranties
 - Applicants that can estimate number of maintenance hours per year for their equipment, based on current life of equipment and history of needed repairs, can seek funding for upfront costs on service contract designed to cover this estimate and upkeep.
 - Reimbursement will be paid on actual worked performed and hours used only.

Eligible Services List

Ineligible Services

- Unbundled Warranties
 - For example, school determines they need 30 hours of maintenance for a router but only use 20
 - USAC will reimburse for 20 hours only
 - Manufacturers warranties of no more than three years and included in the equipment purchase are eligible.
- Scheduling services are ineligible
- Online backup solutions are ineligible

New State Telecom Contracts

Overview

New State Telecom Contracts

- The list of State Master Contract Telecommunications Awards can be found at:

<http://www.spo.az.gov/docs/SPO%20ALERTS/9-29-10%20Tele.pdf>

New State Telecom Contracts

- 3 years with options to extend for an additional 2 years
- Strongly encourage you to sign contracts of the same term as the state master contract

New State Telecom Contracts

- **LEAs who sign (or have signed) Carrier Service Orders (CSOs) longer than the state master contract:**
- The “safest route”
 - Conduct a new mini-bid of the existing contract from providers on the state master contract
 - Incorporate into the bid matrix the consideration of the cost of breaking the existing contract
 - Select the provider that scores the best based on the bid matrix
 - Ensure that future CSOs align with the state master contract term

Questions?